



Audio-Tech Business Book Summaries



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Volume 12, No. 3 (2 sections). Section 2, March 2003
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If Your Life Were a Business, Would You Invest In It?

The 13-Step Program for Managing Your Life Like the Best CEOs Manage Their Companies

by John Eckblad, Ph.D. and David Kiel, D.P.H.

A summary of the original text.

Of course, you *would* invest in your life if it were a business. But *how* would you invest? Do you feel you have to make a choice between financial security and the life you want to live?

Too many people do what they dislike so they can save enough money to do what they *really* want to do when they retire. In contrast, successful companies don't save for retirement or hoard their resources for a rainy day. They invest their resources carefully to fulfill their corporate vision.

Doesn't it make sense to invest in what makes us happy and minimize the cost of things that aren't fulfilling?

With those goals in mind, the authors have devised the 13-step Life Business™ program of analysis and action.

The 13 steps are:

1. **Review your immediate past.** Analyze your activities, events, and

expenditures for the past 12 months to identify where your energy and money is going and where it is coming from.

2. **Discover and name your core Life Businesses.** Cluster activities, events, and expenditures into categories that reflect your major commitments.
3. **Assess your Life Enterprise.** Calculate a "return on investment" for each Life Business based on how much satisfaction it brings you.
4. **Listen to the market.** Identify the major suppliers and customers for each of your Life Businesses, and assess the trends that may affect these markets in the future.
5. **Envision a positive future.** Project your Life Enterprise 10 years into the future, and identify any changes that may emerge.

6. **Strategize for success.** Assess the value of each of your Life Businesses, and for each current and potential new business, develop a strategy to either leave, maintain, build, or create it.
7. **Set heartfelt goals and identify life-changing projects.** Develop promising action projects to carry out your chosen strategies for each Life Business.
8. **Finalize projects and clarify commitments.** Create plans and time-lines. Make commitments in time, energy, and money for each project.
9. **Think like a business.** Adopt the approach successful companies use for concepts like net worth, risk, volatility, budgeting, saving, investing, and cash flow.
10. **Budget to enable your dreams.** Develop a budget for the short term that reflects your strategies for each of the Life Businesses.
11. **Project your future in dollars and "sense."** Link your budget to projected future revenues and existing assets.
12. **Manage the way forward.** Reorganize your time, energy, and money to make your projects happen.
13. **Pursue a cash-flow agenda in a wealth-creation world.** Know what you need to do yourself, and when you need others' assistance.

Now, let's explore each of these 13 steps in greater detail.



STEP 1: REVIEW YOUR IMMEDIATE PAST

In order to know where you're going, you need to know where you've been. That's why companies write annual reports. A typical one shows the sources and applications of income and the net change in the company's assets over the past year.

The difference between a Life Business and a corporate business is that you will consider something more than money. You may have spent a huge amount of time traveling for business, for example. Maybe you made lots of money, but was it fulfilling? On the other hand, perhaps your ski vacation was expensive, but you made your family much happier. Those are messages from the past that can help guide you to a better future.

Just as any business would, you'll need some structure for this review. The seven lists that you must complete are:

1. *Time spent on recurring activities*, such as eating, sleeping, exercise, vacation, and work.
2. *Time spent on one-time events*, such as a hiking trip, a wedding, or building a cabin in the woods.
3. *Significant external events or periods that gave or took energy*, such as finishing a big project at work, or the illness of a parent.

4. *Strong internal events*, such as time and energy spent worrying about your parent's illness, or daily prayer that gives back energy.
5. *Net gain or loss from relationships*, such as conflict with an employee that sapped energy or time spent with a child that gave back energy.
6. *Where the money came from and went.*
7. *Financial and material assets* and any changes from the past year.

Once you have compiled those lists, you will have a working database to consult in the ongoing analysis of your Life Business. Please note that Life Business is a registered trademark of the Life Business Development Corporation.

The easiest way to envision how this process works is to look at a typical example from the Life Business program.

Harry was a management consultant, married, with a 15-year-old daughter. Harry and his wife were in their mid-50s. A bit of a workaholic, Harry had been trying to achieve more balance in his life. In addition, he had a cholesterol problem and wanted to watch his diet and exercise more effectively.

Even though Harry made good money, his family was still strapped for cash. The Life Business workshop directed Harry to identify where his time, energy, and money had gone in the past 12 months.

The analysis immediately

revealed some pertinent facts. First, he was living beyond his income. He was able to do this because of a rising stock market in the late 1990s, but in a prolonged downturn, the family's lifestyle would have to change. Second, he was not spending much time with his family. He could see it was time for a change. We'll come back to Harry as we continue.

Businesses have begun to use three techniques for this sort of analysis. They are called *Appreciative Inquiry*, *Assets Based Assessment*, and *Future Search*. Those same tools can be used in the business of life.

Appreciative Inquiry celebrates the life-giving forces and seeks to build on them rather than focus on problems. Ask yourself when in the past you have felt most engaged, productive, and vital. What helped you achieve that state?

Assets Based Assessment looks at the resources you'll have available to you for future development. Again, it emphasizes the positive, not the negative. Ask yourself the following questions:

1. Which of my own abilities did I use that made me effective this year?
2. Which people helped me most this year? How?
3. What other factors helped me to be effective, energetic, and constructive?

Finally, **Future Search** involves analyzing events in society, the community, the nation, and the world that have had an influence on you in the past 10 years. This reveals the context in which you are running your Life Business.

In completing your review, talk it over with someone who knows you. Spread the review process over time to allow it to sink in. Do the review with a friend or relative who is also doing a review. Once this review process is complete, it will be time to start asking yourself the most important question of all: "What business am I in?"



STEP 2: DISCOVER AND NAME YOUR CORE LIFE BUSINESSES

There's often a disconnect between *what* you want to be committed to and what you *are* committed to. The review will show you how you've been spending your time and money. The Life Business program is about closing the gap between your vision for yourself and the current reality, just as a company tries to do by aligning its resources with its strategy.

Use the review to define and focus your core commitments. This requires using both the analytical and creative sides of yourself. Life Business participants are encouraged to use visualization. They actually create collages of images that explain or symbolize their lives. Whatever you put on the collage, it should help you see the intangible parts of your life, while clustering activities of the past year, from going through the death of a loved one to getting a child off to college.

In Life Business, you chart events and activities that *give energy* against those that *take away energy*. For example, golfing takes time. But if you work better after a game, then it goes on the plus side of the energy ledger.

Typically, you'll have five to 10 clusters of activities, such as child care, hobbies, travel, marriage, and so on. You might include lost or stolen time and energy, such as time spent watching television late at night.

To return to Harry's Life Businesses, he found that he was wasting a lot of time with TV and with worrying about having a heart attack. He spent a good deal of time, energy, and money on it. His health was obviously a big commitment, so he recognized it as a business. Participants find that naming their businesses helps clarify goals. He named this one "Harry's Health Maintenance Organization." It was in the business of keeping Harry healthy.

He also identified five other Life Businesses, including:

1. *Connections Unlimited*, which is the business of maintaining relationships with his wife, daughter, relatives, and friends.
2. *Personal & Professional Growth*, which is the business of developing himself through personal counseling, skills training, and projects to keep him on the leading edge of his field.
3. *Think Globally, Act Locally*, which includes all of his community work and charitable donations.
4. *I Gotta Be Me*, which includes all the activities he does only because he likes to do them, such as hiking, reading, cooking, travel, going to museums, and watching TV.

5. *Have Ear, Will Travel*, which is his consulting business, the biggest consumer of his energy and time.

Once you have identified your Life Businesses, you have taken a big step toward identifying what you are doing with your life. However, you will also need to assess the net gain or loss from them.

For example, if your mother is ill, you may have a Life Business around caring for her, and it may be a net loss of energy. But there may be nothing you can do about it. Or you may find that you aren't spending enough time with your children, even though the time you do spend gives you a net gain of energy. There is something concrete that you can do about that.

After naming your businesses, it's a good time to celebrate. You now know what businesses you're in and deserve a bonus. Then we can move on to completing your annual report of your Life Business.



STEP 3: ASSESS YOUR LIFE ENTERPRISE

Now is the time to assess your situation by applying both analytical and creative thinking. The point is to judge whether your Life Businesses are performing as you would like. That is, which of your major investments in energy, time, and money are truly returning positive meaning in your life?

Every business calculates *return on investment*, or ROI. To use a simple example, if a company invests \$1 million in

training its employees and receives a \$2 million return, the ROI is two-to-one.

In the Life Business program, return on investment refers not to money, but to the energy an activity returns to you, compared to the amount of energy you invest in it.

The authors call this the "Got-to-Gone" ratio. In life, all we really have to invest is our human energy; once this is gone, we are gone. So we can use the concept of energy flow as a way of assessing whether activities are sound or unsound investments.

Using Harry's case again, he finds that taking vitamins is a small nuisance but has a big payoff. The ROI is relatively high, perhaps two-to-one. Exercising takes energy, but he enjoys it, and he even solves business problems while jogging. He therefore rates his HHMO business a four-to-one ratio of energy "got" to energy "gone."

On the other hand, Harry brought a new partner into his consulting practice. The partner irritated Harry, did not bring in new business, and cut into Harry's profits. In short, the energy return in this relationship was negative, about a one-to-five ratio of energy returned for the energy he invested.

You can calculate return on investment in your Life Businesses by the following method.

First, draw two pie charts. One chart represents the total energy you "get" from all of your life's activities. The second chart reflects the total energy you "give" to all of your

life's activities.

Next, carve up the first pie chart by assigning a percentage equal to the amount of energy you get from each of your Life Businesses. Then, do the same to the second chart by showing the percentage of your energy you give to each Life Business.

With the data from the two charts, you can create a Life Business Assessment Chart. To do this, list your Life Businesses down the left column. In columns next to each business, list your percentages for the energy you get, the energy you give, and the "Got-to-Gone" ratio for that business. Then you can add in information that you collected in Step 1, including how much time and money you spent in that business last year.

Using the data from the Life Business Assessment Chart, you can now answer seven critical assessment questions:

1. What are the surprises you find when you look at your Life Business Chart? What is important about these surprises?
2. Which businesses return good value for your investment of time, energy, and money? Which do not?
3. Is the overall enterprise profitable? That is, is more energy coming in than going out, or vice versa?
4. What is the volume of each business in terms of energy, time, and money? Is it growing or shrinking?
5. Which businesses are sustainable, and for how long

at the current ROI?

6. If you were an outside investor, what questions would you want answered before you invested in one or more of these businesses?
7. If you were an outside investor, would you invest in the entire enterprise with these Life Businesses? Why or why not?

Before we move on to the next step, we should point out that it's entirely possible to achieve a high ROI on your Life Businesses, and yet still be in the wrong businesses. To avoid that situation, you can use another method of assessment called Value Analysis.

Value Analysis gives you a way to look at what was present or missing in the return you achieved in the past year. Begin with a list of values, such as creativity, security, integrity, friendship, family, recognition, and so on. Then use a scale of one to five to assign two ratings:

1. How important the value is to you.
2. How present in your life it was last year.

If you notice a discrepancy between the ratings, such as a high rating for creativity as a value but a low rating for its presence in your life, then you'll know you need to realign your priorities. You just might be in the wrong businesses, no matter how profitable they are.

Having created your Annual Report, you will understand where the money is coming from and where it is going.

You will know your profitable areas and your weaknesses. And you will be ready to begin the next step, which involves creating a market report.



STEP 4: LISTEN TO THE MARKET

Companies look at their relationships with competitors, partners, suppliers, and customers when they develop a market report. They assess trends and events that make an impact on their business, and create a vision of what their business can be in the future.

The customers in your Life Businesses are those around you, the people you care about, and also yourself. Companies consider the stakeholders in creating a marketing report, as well as customers, shareholders, employees, and so on.

It's important to take time to listen to the stakeholders in each of your Life Businesses. When the lines of communication break down in a company, it spells big trouble ahead. The same is true in Life Businesses. Learning to listen, hear, and act is key.

Once you know whom you have to satisfy or support, you are in a position to begin the assessment of future trends and events. For example, you can predict that a 10-year-old daughter will take a different view of family vacations in five years, when she is a teenager. You can also predict that a 10-year-old car will need to be replaced. Yet, amazingly, some people do not take the time to really think through the consequences of

some perfectly predictable events and trends for their Life Businesses.

To do so, you should use three techniques that are frequently used in business: Scenario Planning, the Delphi Technique, and Mind Mapping.

Scenario Planning, which began at Royal Dutch Shell sets out best-case, worst-case, and middle-case scenarios about what could happen in the future with important parts of the business. It then develops contingency plans for each scenario. For example, you can plan for best-case, worst-case, and middle-case scenarios regarding your health in five years.

The Delphi Technique sets up a panel of advisors to help predict the future. The advisors develop ideas about trends, and then create a new consensus concerning what is most probable and what is most uncertain. You can manage uncertainty about your own future by consulting experts and comparing their answers.

Mind Mapping uses a diverse group of stakeholders to map trends using a chart that shows interrelationships among trends and how they influence the company's behavior. Starting with a series of "trunk" lines labeled with terms like "relationships," "finances," or "health" on a large sheet of paper, the participants list various events and trends that become branches and stems off of these trunks. Then you prioritize the trends and develop responses.

The same techniques can be

used in Life Businesses. Harry could see several trends developing. For example, he was trying to grow his business while his wife was trying to finish her book and his daughter was learning to drive and planning for college. There was a lot of pressure at home, in other words. In addition, Harry's cholesterol was up, and he knew that soon there would be college tuition to pay. All of those were trends that Harry would have to factor into his plans going forward.

Not all the news will be good, but it's all part of the exercise of assessing the marketplace for your Life Businesses: Hear the messages, assess the trends, and develop possible responses. With that solid foundation of assessment, you will be able to go on, not just to meet the future, but to create the future you want.



STEP 5: ENVISION A POSITIVE FUTURE

Without knowing where you want to go, you can't plan how you'll get there. Peter Senge believes that vision is an essential discipline for effective leaders to have. Your vision of where you want your life to go must be positive, it must be grounded, and it must be specific enough to be meaningful.

By creating a vision, you are leaping into the future. But you still have to get there a step at a time. Businesses use a concept called backward planning to bridge that gap. Ask yourself what you'll be doing in 10 years. Then ask what you have to do in year nine to achieve that goal. Then work back year by year to the present. Envision the

milestones along the way.

Once you have done that, you can consider what new businesses you'll have to launch to implement those goals and how existing businesses must change to accommodate them.

In Harry's case, when he looked a decade ahead, he saw himself being grateful he spent time with his family and nurtured those relationships. He saw himself having increased social involvement, being successful in his business, and even adding some overseas work. He decided to start a new business: writing a book. He imagined that in 10 years, the book would be a best seller and he would be a sought-after speaker. He imagined he would be in good health. And he imagined that he and his wife could travel together at last.

It all sounds wonderful, and it's certainly achievable. But whatever your vision, ask the following four questions to determine whether your vision of the future is realistic or not:

1. Will your present personal values still apply in the future?
2. Which existing Life Businesses will be important in 10 years?
3. Which will be less important or non-existent, such as raising children?
4. Which new businesses do you need to start ramping up and when?

Once you have a vision of your future, it's time to consider a strategy for getting there.



STEP 6: STRATEGIZE FOR SUCCESS

Just as a company has to have a strategy to ensure its success, your Life Business must have a strategy to take you to your envisioned future. Creating that strategy involves looking at your core life activities and figuring out which ones to emphasize, deemphasize, continue, or create.

Management is about doing things right, while strategy is about doing the right things. Doing the right things is about knowing what business you're in. Ask yourself which of your core commitments will no longer be satisfying in the future and which will endure. What new commitments can bring more joy into your life?

Break down the future into manageable short-, medium-, and long-term planning cycles. The short term is the first three years. The medium term includes years four to six. And long term means years seven through 10.

You should categorize your Life Businesses into four categories:

1. *Dogs*, which need to be closed because of low ROI.
2. *Cash Cows*, which have high ROI now, but won't in the future, should be maintained and later phased out.
3. *Stars*, which will grow in profitability and therefore merit further investment.
4. *Rising Stars*, which don't yet exist but should.

For example, perhaps you used to like skiing but no longer do because your knees

hurt too much. That's a dog and needs to be closed.

Harry was fortunate not to have any dog businesses. But when his daughter left for college, another business would change. He needed to take advantage of her presence now.

He derived tremendous satisfaction from running. That was a star business and needed to be nurtured. His plan to travel Europe would become a new business, a rising star. This process is no different from what a corporation would do with its various units in assessing whether to grow them or sell them.



STEP 7: SET HEARTFELT GOALS AND IDENTIFY LIFE-CHANGING PROJECTS

This is where theory gets turned into practice. With a strategy in place, the actual work of getting there begins.

In planning the implementation of your strategy, you must identify particular courses of action, or projects, that will pair your strengths with the opportunities you have identified. Any good project will include goals, activities to achieve those goals, and accountability concerning who does what and when. A monitoring system keeps the project on track and on schedule.

One of the ways to keep track of your implementation is through messages and markers. For example, if Harry's wife tells him he looks 10 years younger, that would suggest that he'd lost weight.

In examining his strengths,

weaknesses, and opportunities for achieving that goal, Harry had to recognize that he had a strong commitment, lots of knowledge, and the money to hire a nutritionist or trainer. In the weakness category, he had a sweet tooth and liked to watch TV and snack at night. In the opportunities category, warm weather was coming; he'd discovered a new protein diet; and his wife also wanted to lose weight. To marry strength and opportunity, Harry and his wife hired a college student to cook low-fat, low-carbohydrate meals for them.

By gradually setting up such projects and goals for each Life Business, you create a very powerful map to guide you. Bear in mind that not all projects are straightforward. Some that involve family or religion may require a more creative approach, such as reflecting, appreciating, meditating, or praying. Others require hard analysis, data, and specific sets of tasks, such as buying the materials to remodel a house. Some projects need to be outsourced, too, as Harry and his wife did with the cooking.

With your specific projects defined to implement strategy, you can now go on to identify the commitments you'll need to make in time, money, and energy, to achieve success.



STEP 8: FINALIZE PROJECTS AND CLARIFY COMMITMENTS

There are three principles involved in making a commitment:

- First, prioritize your projects.

- Second, decide whether they are short-, medium-, or long-term projects.
- Third, forecast the time, energy, and money that each will require.

Obviously, you can't do everything at once. You have to set priorities. Once you have the projects arranged in terms of their time frame, you'll know where to start. For example, in Harry's case, home remodeling was a long-term project and could wait. Spending time with his daughter was a short-term project and needed attention now.

A plan without a budget is meaningless. The budget is the signal that commitment has been made. You must also commit energy and time to your Life Businesses. Each project has to get a line item in the overall budget or it won't happen. If Harry wants quality time with his daughter, a busy teenager, he might have to spring for a ski vacation to get her attention.

Harry had to realign his priorities to reflect that realization. He resigned from a committee and pushed travel into the future as a result. At the same time, he devoted more time to his wife so that they could be better parents.

At this point, you can't necessarily finalize all your goals. For example, Harry didn't know if he could remodel the house while paying college tuition. He didn't know how much money his book would make, either. So some items were simply left open. But neither does that mean you have to take any of your dreams off the table.

It is, however, a time to make specific time commitments for each day, week, month, and year. Harry's family got up late, but he got up early. So it would be easy for him to write in the morning and attend to clients during business hours without sacrificing family time. Those are the kinds of strategies and commitments you learn to make in the business of life.

Now is the time to start thinking through a detailed business plan and considering how it will be implemented.



STEP 9: THINK LIKE A BUSINESS

With the projects, timeframes, and a knowledge of the cost of each, you are prepared to take the last five steps. There are 10 business principles that will help put your finances on a businesslike footing.

Principle #1: Managing your life as a business means using the tools of business. Those include some of the steps already completed, such as an annual planning cycle, return on investment, profit and cost centers, business plans, and so on.

Principle #2: To run your life like a business, you have to know the language of business and act accordingly. Some financial advisors don't really understand the language of business. Beware when talking to them and take the meaning of your business vocabulary from business people, not financial planners.

Principle #3: You need vision for the long term, a plan for the medium term,

and management for the short term. Obviously, money has to be allocated for long-term projects but only when those projects are well planned and well understood. Putting away money for retirement is hoarding for a poorly understood or nonexistent goal.

Principle #4: In Life Business terms, high net worth does not refer to money but is synonymous with living a full and complete life. Investing in your family therefore doesn't lower your net worth just because you have less money. It raises it.

Principle #5: You need to have money when you need it. A corollary to that is that you don't need more money than you need. Nest eggs don't hatch. Cash flow is different from profit. Cash flow increases the value of underlying assets. Profit increases financial surpluses. Concentrate on having the funds there when you need them.

Principle #6: To increase personal net worth, identify your key Life Business. In business, you distinguish between business investments and overhead. Both require cash, but investment builds the business while overhead does not. No wonder businesses try to squeeze every drop out of overhead. Why not run a Life Business that way, too?

Principle #7: The budget is a tool for distinguishing among those things we want to do, those we have to do, and those we are just doing. If you follow the money, you'll find out where

your commitments are. In business terms, coming in under budget is just as bad as going over budget, because it leaves opportunity on the table.

Principle #8: Distinguish between risk and volatility. Risk is the chance that some action you take won't realize a desired outcome. Increased market volatility increases financial risk in the short term. Financial planners often confuse risk and volatility. Market volatility is only important when you need to get money out of that market.

Principle #9: Run your support activities as efficiently as possible and invest the extra money in your Life Businesses. In most personal settings, saving means putting money in the bank. In business terms, it means making overhead cheaper.

Principle #10: Allocation of assets is the key to realizing your strategy for your Life Businesses. Allocate assets in cash, stocks, or bonds, depending on whether those assets are for short-, medium-, or long-term projects.

In the next step, we'll take a look at how to develop a plan-ahead budget for forecasting your needs.



STEP 10: BUDGET TO ENABLE YOUR DREAMS

Every business has to have a budget to execute its strategy. You'll need three of them to run a Life Business: historical, look-ahead, and plan-ahead budgets. This will link your life goals to your resources.

Being financially independent doesn't mean being wealthy. It means that your happiness does not depend on your finances. You'll need to figure out three things:

- First, how much money you will have.
- Second, how much money you'll need.
- Third, a plan for acquiring those funds when you need them.

The first step is understanding where your money comes from, where it goes, and how to use it. With that information, you can create a budget. Then if you know what your desires and obligations are for the future, you'll be able to make projections about the cost of your Life Business going forward.

Keep investments separate from support costs. When you make your projection, you'll consider short-, medium-, and long-term projects, along with overhead. You'll consider how much each will cost, as well as what resources will be available.

The result will be three budgets, each one year in length. The first is historical. The second is the look-ahead budget for the next 12 months. And the third is the plan-ahead budget for the next year. The first is simply a record of where the money went. The second is a prediction for the next year of where it's likely to go. And the third represents the Life Business Projects and the support costs with their projected costs.

Creating the historical budget is easy today with all the

records of transactions we keep, so let's move to the look-ahead budget. It's a bit more complicated. Line item by line item, go over your past year and think how it might change in the next year. Consider inflation, changes in taxes or insurance, and anything that might increase or decrease an item.

The final step, the plan-ahead budget, is the most difficult to create. This is the basis of the entire Life Business plan. Each Life Business line item will represent an investment in one of the projects you established. Each support line item will represent a necessary expenditure but will have been squeezed for the minimum cost. There is always more room to cut the support budget where it's not bringing you the maximum in satisfaction.

Once you have the plan-ahead budget, you can start considering how to fund it. If a budget makes business real, then this plan-ahead budget is your key to turning your dreams into reality.



STEP 11: PROJECT YOUR FUTURE IN DOLLARS AND SENSE

With a plan-ahead budget in hand, you now have an idea of what resources you'll need. The financial projection you'll now create gives the financial implications of realizing that dream. Here are 10 business concepts to consider:

1. Set default levels for such things as rates of inflation, borrowing, and returns on financial placements.
2. Plan positively: Whatever

you can envision you can achieve.

3. Look for trade-offs in the use of funds.
4. Provide for existing commitments and possible contingencies.
5. Take into account your ability to fund more projects by thinking in multi-year periods.
6. Always increase the ratio of investment to support overhead expenses.
7. Recognize that borrowing is also income.
8. Use what-if analysis to increase returns.
9. Let business drive money and not the other way around.
10. Question financial planning advice; for example, don't have an emergency fund, have an emergency line of credit.

The first step is to project into the short term. Starting with the short-term Life Business project list you made and the 12-month plan-ahead budget, create a three-year projection, including likely income.

The first draft of your projection will tell you if you have more dream than resources or vice versa. If you find that you come up short, consider whether support can be squeezed or an investment moved to the medium term. Consider also what your projection would look like if you spent rather than saved the money now going into IRAs and 401Ks.

If you are considering borrowing, use these two criteria to see if it makes sense.

- First, are interest costs less than the return you could expect from a financial placement of that money?
- Second, can you pay back the money within the planning period? If you can, you've made a small investment in interest for a gain in personal net worth.

Also, consider whether leaving your estate to your children makes more sense than using those resources to fund improved quality of life now. Consider it an early inheritance and one that you can enjoy with them. The authors encourage Life Business participants to plan for a zero in the last bottom-line cell.

Once you have created a short-term projection, it will be easier to create the medium- and long-term projections. As you see your dream developing four and then seven years out, you will gain considerable confidence in the process as a tool for taking control rather than being controlled.

Consider the following tips while creating your projection:

1. Financial planners tell us to pay off our mortgages, but it doesn't make sense. With inflation, the mortgage actually gets cheaper. Why pay out more valuable dollars today when you can pay cheaper dollars tomorrow?
2. If your business to support ratio is less than two-to-one, consider adjusting.

3. Put your age at the top of each planning column to remind yourself of where you are in your big plan.

In the next step, we'll consider what strategies to employ when there is a shortfall and the dream looks too expensive to achieve.



STEP 12: MANAGE THE WAY FORWARD

In the Life Business, as in any business, money supports life and not the other way around. If you're worrying about your money, it is not serving you. In this case, knowledge is power, and this program is all about giving you control.

Once you have the knowledge, you can decide on the strategy. For example, you may be able to fund all your businesses from your present revenue stream. On the other hand, you may have to fund them by selling everything that's not nailed down. Those are two extremes, obviously, but in between there are other strategies.

The authors have identified seven levels of strategy for different circumstances. The top levels are the easiest; the bottom, the hardest. They are:

1. ***You're already living independent of finances.*** To determine this, ask what the lowest ROI is on assets and income that will fund your plan. Perhaps you can stop drilling because you've already struck oil. If it turns out that you're already there, you may have surplus resources to plan for. In

that case, don't leave opportunity on the table. You can become your own venture capitalist or move projects forward from the middle term.

2. ***You have the assets, you just need to free them up.*** If the ROI you calculated won't fund your dreams, the first place to look is retirement funds, estate funds, rainy day funds, and the like. The same goes for equity in the home and available credit lines. If this process turns up the needed resources, independence is a step away.
3. ***You have the assets, but support expenses are dragging you down.*** Cutting support expenses is an art and a science that occupies a lot of time in regular businesses. You can do it, too. For example, phone companies are competing intensely. Take advantage of it. The Internet provides a great opportunity to comparison shop for everything from automobiles to prescriptions. Simply by tightening up the ship, you find you can float the boat.
4. ***Your dreams and resources are slightly out of alignment.*** Perhaps you're not concentrating on your highest priorities yet. You may be doing something because you've always done it and not realize that the resources aren't bringing you the satisfaction they once did. You need to reprioritize, reschedule, or right-size your dreams to match resources.

5. ***You're not going to get the money, but you have the time.*** In some cases, they are interchangeable. The trick to making this strategy work is having the talent and being motivated to do the work. You want a cabin in the woods but can't afford it. You can build it yourself, but only if you're going to enjoy doing that.

6. ***You're not going to make your nut unless you get more money.*** Perhaps you can earn more, which is just another way of turning time into money. As with the previous level, this requires talent and motivation. Take another job, a better job, take on more clients, or accept more volatility in your portfolio.

7. ***Your dreams and resources are far enough out of alignment that you have to consider which ones to cut or postpone.*** Dreams are only valuable to the extent that they can be realized. Don't kill a dream unless you are absolutely certain that it can't be realized. But consider which ones might be delayed. You can't delay spending time with children, but you can delay home remodeling, so you may need to reconsider your priorities.

Finding your place in those seven levels is a matter of knowing what you want for in the first place, how much you'll need, and when you'll need it. Once those challenges are clear before you, you will have a road map for success in being free of your finances.

Now let's look at the final step: how you can make your cash flow business work in a world of wealth builders.



STEP 13: PURSUE A CASH-FLOW AGENDA IN A WEALTH-CREATION WORLD

After completing the first 12 steps, you will enjoy a tremendous advantage: the power of knowledge of your own resources, past, present, and future, along with the needs and dreams they are there to finance.

But you may still need help from the financial services industry. That can be tricky, because your philosophy of money is now quite different from theirs. They want to create wealth for you. You want to create cash flow.

During the late 1990s, numerous financial companies started advertising a Life Business theme. Fleet Bank in New York urged you to "Be the President of Your Life." Morgan Stanley said, "You are the CEO of Your Life." Others fell in line. But it was business as usual back in the office. If you went into any of those places, they'd ask how much risk (meaning volatility) you could tolerate.

They'd also warn you about rising costs of college, saving for retirement, and the evils of estate taxes. If you want to hoard money, it's good advice. If you want to enjoy life, it's not. Recent changes in the way account managers are being paid may change that, but it's still a mixed bag.

Consider that in your short-term plan, you just want to

know that the money you've allocated will be there when you need it. You don't, therefore, want a growth stock or a mutual fund, which fluctuates. You want a money market deposit, a CD, or a Treasury bond.

Economists from Boston University, Stanford, and elsewhere have recently advocated achieving "the highest possible standard of living that you will be able to maintain for the rest of your life." The concept is called "life-cycle smoothing." The logic is that good times can never make up for bad times. MIT's Stephen Ross and Nobel Laureate Franco Modigliani endorsed the concept of life-cycle smoothing.

The Nobel Prize was given for his observation that you are going to get better returns and experience less volatility if you divide your placements among stocks, bonds, and cash than if you put all your money in one of those. You can divide your assets logically using that observation. Money for short-term goals goes into cash and cash equivalents.

Since volatility in stocks and bonds evens out over a seven-year period, you can put money for long-term goals there and not worry about fluctuations. For medium-term projects consider a spread of, say, 50 percent stocks, 30 percent bonds, and 20 percent cash. Diversify within each category to even out the fluctuations.

You can allocate your resources yourself or let a financial planner help you. But remember that doing it yourself is time and energy spent, so it has to be a motivated talent to make

it worthwhile. If you're not going to enjoy it, the cost in fees for someone else to do it will be worth the gain in time and energy.

Now that you've seen how the complete Life Business plan takes shape, you can step back and look at the whole process. Obviously, it involves work, time, and some risk. It will require discipline, creativity, and ambition to complete. Starting any new business always involves risk. So there will be anxiety involved, but

there will also be optimism, confidence, and a sense of clarity.

The ultimate goal of the Life Business program is to make the most of what you have by getting what you truly want. It is not a wealth-creation scheme, but a solid plan for revealing your true values and then living them by placing your resources where they will bring the most satisfaction. Going into the uncertain world ahead, the gift of confidence and empowerment that you

can give yourself will be more important than ever.



ABOUT THE AUTHORS

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